

HOUSE BILL NO. 350

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

Introduced: 2/17/10

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the local contribution to public school funding; and providing for an**
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.17.410(b) is amended to read:

5 (b) Public school funding consists of state aid, a required local contribution,
6 and eligible federal impact aid determined as follows:

7 (1) state aid equals basic need minus a required local contribution and
8 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
9 obtained under (D) of this paragraph, multiplied by the base student allocation set out
10 in AS 14.17.470; district adjusted ADM is calculated as follows:

11 (A) the ADM of each school in the district is calculated by
12 applying the school size factor to the student count as set out in AS 14.17.450;

13 (B) the number obtained under (A) of this paragraph is
14 multiplied by the district cost factor described in AS 14.17.460;

1 (C) the ADMs of each school in a district, as adjusted
2 according to (A) and (B) of this paragraph, are added; the sum is then
3 multiplied by the special needs factor set out in AS 14.17.420(a)(1);

4 (D) the number obtained for intensive services under
5 AS 14.17.420(a)(2) and the number obtained for correspondence study under
6 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

7 (E) notwithstanding (A) - (C) of this paragraph, if a school
8 district's ADM adjusted for school size under (A) of this paragraph decreases
9 by five percent or more from one fiscal year to the next fiscal year, the school
10 district may use the last fiscal year before the decrease as a base fiscal year to
11 offset the decrease, according to the following method:

12 (i) for the first fiscal year after the base fiscal year
13 determined under this subparagraph, the school district's ADM adjusted
14 for school size determined under (A) of this paragraph is calculated as
15 the district's ADM adjusted for school size, plus 75 percent of the
16 difference in the district's ADM adjusted for school size between the
17 base fiscal year and the first fiscal year after the base fiscal year;

18 (ii) for the second fiscal year after the base fiscal year
19 determined under this subparagraph, the school district's ADM adjusted
20 for school size determined under (A) of this paragraph is calculated as
21 the district's ADM adjusted for school size, plus 50 percent of the
22 difference in the district's ADM adjusted for school size between the
23 base fiscal year and the second fiscal year after the base fiscal year;

24 (iii) for the third fiscal year after the base fiscal year
25 determined under this subparagraph, the school district's ADM adjusted
26 for school size determined under (A) of this paragraph is calculated as
27 the district's ADM adjusted for school size, plus 25 percent of the
28 difference in the district's ADM adjusted for school size between the
29 base fiscal year and the third fiscal year after the base fiscal year;

30 (F) the method established in (E) of this paragraph is available
31 to a school district for the three fiscal years following the base fiscal year

1 determined under (E) of this paragraph only if the district's ADM adjusted for
 2 school size determined under (A) of this paragraph for each fiscal year is less
 3 than the district's ADM adjusted for school size in the base fiscal year;

4 (G) the method established in (E) of this paragraph does not
 5 apply to a decrease in the district's ADM adjusted for school size resulting
 6 from a loss of enrollment that occurs as a result of a boundary change under
 7 AS 29;

8 (2) the required local contribution of a city or borough school district is
 9 the equivalent of a 2.7 [FOUR] mill tax levy on the full and true value of the taxable
 10 real and personal property in the district as of January 1 of the second preceding fiscal
 11 year, as determined by the Department of Commerce, Community, and Economic
 12 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a
 13 district's basic need for the preceding fiscal year as determined under (1) of this
 14 subsection.

15 * **Sec. 2.** AS 14.17.410(e) is amended to read:

16 (e) If a city or borough school district is established after July 1, 1998, for the
 17 first three fiscal years in which the city or borough school district operates schools,
 18 local contributions may be less than the amount that would otherwise be required
 19 under (b)(2) of this section, except that

20 (1) in the second fiscal year of operations, local contributions must be
 21 at least the greater of

22 (A) the local contributions, excluding federal impact aid, for
 23 the previous fiscal year; or

24 (B) the sum of 10 percent of the district's eligible federal
 25 impact aid for that year and the equivalent of a 1.35 [TWO] mill tax levy on
 26 the full and true value of the taxable real and personal property in the city or
 27 borough school district as of January 1 of the second preceding fiscal year, as
 28 determined by the Department of Commerce, Community, and Economic
 29 Development under AS 14.17.510 and AS 29.45.110; and

30 (2) in the third year of operation, local contributions must be at least
 31 the greater of

1 (A) the local contributions, excluding federal impact aid, for
2 the previous fiscal year; or

3 (B) the sum of 10 percent of the district's eligible federal
4 impact aid for that year and the equivalent of a **two** [THREE] mill tax levy on
5 the full and true value of the taxable real and personal property in the district as
6 of January 1 of the second preceding fiscal year, as determined by the
7 Department of Commerce, Community, and Economic Development under
8 AS 14.17.510 and AS 29.45.110.

9 * **Sec. 3.** AS 14.17.490(b) is amended to read:

10 (b) A city or borough school district is not eligible for additional funding
11 authorized under (a) of this section unless, during the fiscal year in which the district
12 receives funding under (a) of this section, the district received a local contribution
13 equal to at least the equivalent of a four mill tax levy **in fiscal years 2000 through**
14 **2010 and a 2.7 mill tax levy each year after fiscal year 2010** on the full and true
15 value of the taxable real and personal property in the district as of January 1 of the
16 second preceding fiscal year as determined by the Department of Commerce,
17 Community, and Economic Development under AS 14.17.510 and AS 29.45.110.

18 * **Sec. 4.** AS 14.17.510(c) is amended to read:

19 (c) Notwithstanding AS 14.17.410(b)(2) and the other provisions of this
20 section, if the assessed value in a city or borough school district determined under (a)
21 of this section increases from the **preceding fiscal** [BASE] year, only 50 percent of
22 the annual increase in assessed value may be included in determining the assessed
23 value in a city or borough school district under (a) of this section. The limitation on
24 the increase in assessed value in this subsection applies only to a determination of
25 assessed value for purposes of calculating the required contribution of a city or
26 borough school district under AS 14.17.410(b)(2) and 14.17.490(b). [IN THIS
27 SUBSECTION, THE BASE YEAR IS 1999.]

28 * **Sec. 5.** This Act takes effect July 1, 2010.